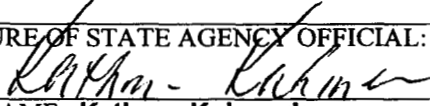



<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER:  <b>03-42</b>	2. STATE  <b>New York</b>
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: <b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE  <b>1. May 15, 2003* 2. July 1, 2003**</b>	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447, Subpart C		7. FEDERAL BUDGET IMPACT:  1. * a. FFY 5/15/03-9/30/03    \$0 b. FFY 10/1/03-9/30/04    \$0  2.** a. FFY 7/01/03 – 9/30/03    \$35,550,000. b. FFY 10/01/03 – 9/30/04    \$142,200,000.	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A, Pages 185, 188,188(b), 188(b)(1), 188(b)(2)</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Attachment 4.19-A, Pages 185, 188,188(b), 188(b)(1), 188(b)(2)</b>	
10. SUBJECT OF AMENDMENT: <b>Inpatient Hospital Services</b> 1.* <b>Revised Definition of "Eligible Rural Hospital" for High Need Indigent Care Payments</b> 2.** <b>Continuation of Indigent Care Distributions</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input checked="" type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: <b>New York State Department of Health, Corning Tower, Empire State Plaza, Albany, New York 12237</b>	
13. TYPED NAME: <b>Kathryn Kuhmerker</b>			
14. TITLE: <b>Deputy Commissioner Department of Health</b>			
15. DATE SUBMITTED:  <b>June 27, 2003</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:  <b>JUN 30 2003</b>		18. DATE APPROVED:  <b>MAY 16 2003</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  <b>MAY 15 2003</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME:  <b>Charlene Brown</b>		22. TITLE:  <b>Deputy Director, CMSO</b>	
23. REMARKS:			

TN **03-42** Approval Date 6 2004  
Supersedes TN 03-42 Effective Date MAY 15 2003

the revenue associated with referred ambulatory patients. The charges shall be collected for the entire year, reduced to cost, and compared to the amount of bad debt and charity care distributions received by the hospital for such services. This data shall be collected on forms and in a manner prescribed by the commissioner of health.

(h) For rate periods commencing January 1, 1997 through December 31, [2002] 2004, \$36 million and for the period January 1, [2003] 2005 through June 30, [2003] 2005, \$18 million shall be distributed as high need adjustments to general hospitals, excluding major public general hospitals, with nominal payment amount in excess of 4 percent of reported costs as follows: each general hospital's share shall be based on such hospital's aggregate share of nominal payment amount above 4 percent of reported costs compared to the total aggregate nominal payment amount above 4 percent of reported costs of all eligible hospitals.

(i) For rate periods commencing January 1, 1997 and thereafter, distributions to general hospitals described in subdivisions (d)(2) and (h) of this section shall be adjusted as follows:

(1) For general hospitals which qualified for distributions pursuant to section 86-1.66 of this Subpart as of December 31, 1995:

(i) For the rate period commencing January 1, 1997 and ending December 31, 1997, each such general hospital shall receive as an allocation 100 percent of the projected distribution to such general hospital pursuant to paragraph (4) of subdivision (d) of this section for 1996.

(ii) For the rate period commencing January 1, 1998 and ending December 31, 1998, each such general hospital shall receive as an allocation 75 percent of the amount determined in accordance with subparagraph (i) of this paragraph and 25 percent of the amount determined in accordance with subdivision (h) of this section.

TN 03-42 Approval Date MAY 16 2004  
Supersedes TN \_\_\_\_\_ Effective Date MAY 15 2003

**New York  
188(b)**

**Attachment 4.19-A  
Part I  
(07/03)**

qualified for distributions pursuant to section 86-1.66 of this Subpart, shall be adjusted as follows:

(i) For each category specified in this subdivision, 50 percent of the amount by which the allocation calculated pursuant to subdivisions (d)(2), (h) and (i) of this section for rate periods commencing on and after January 1, 1997 exceeds the projected distribution calculated pursuant to subdivision (d)(2) of this section for 1996 and, if applicable, section 86-1.84 of this Subpart for 1996 shall be reserved by the Commissioner for allocation to general hospitals within such category that would experience a loss based on each such general hospital's proportionate share of the aggregate losses for all general hospitals within such category, provided however, that the amount reserved within a category shall not exceed the aggregate amount of losses within such category.

(k) Supplemental indigent care distributions. From funds in the pool for each year, \$27 million shall be reserved on an annual basis for the periods January 1, 2000 through December 31, [2002] 2004 and \$13.5 million shall be reserved for the period January 1, [2003] 2005 through June 30, [2003] 2005 to be distributed to each hospital on a proportionate share basis, provided that no hospital shall receive less than the graduate medical education reduction amount calculated pursuant to State law, subject to hospital specific disproportionate share payment limits calculated in accordance with section 86-1.87 of this Subpart.

(l) High Need Indigent Care Adjustment Pool. Funds allocated pursuant to State law shall be deposited as authorized and used for the purpose of making Medicaid disproportionate share payments within the limits established on an annualized basis pursuant to section 86-1.87 of this Subpart, for the period January 1, 2000 through June 30, [2003] 2005, in accordance with the following:

(1) From the funds in the pool each year:

(i) Each eligible rural hospital shall receive \$140,000 on an annualized basis for the periods January 1, 2000 through December 31, [2002] 2004 and \$70,000 for the period January 1, [2003] 2005 through June 30, [2003] 2005, provided as a disproportionate share payment; provided, however, that if such payment pursuant to this subparagraph exceeds a hospital's applicable disproportionate share limit, then the total amount in

TN 03-42 Approval Date MAR 16 2004  
Supersedes TN \_\_\_\_\_ Effective Date MAY 15 2003

**New York  
188(b)(1)**

**Attachment 4.19-A  
Part I  
(04/03)**

excess of such limit shall be provided as a nondisproportionate share payment in the form of a grant directly from this pool;

(ii) Each such hospital shall also receive an amount calculated by multiplying the facility's uncompensated care need by the appropriate percentage from the following scale based on hospital rankings developed in accordance with each eligible rural hospital's weight as defined by this section:

Rank	Percentage Coverage of Uncompensated Care Need
1-9	60.0%
10-17	52.5%
18-25	45.0%
26-33	37.5%
34-41	30.0%
42-49	22.5%
50-57	15.0%
58+	7.5%

(iii) "Eligible rural hospital", as used in this subdivision, shall mean a general hospital classified as a rural hospital for purposes of determining payment for inpatient services provided to beneficiaries of title XVIII of the federal social security act (Medicare) or under state regulations, or a general hospital with a service area which has an average population of less than 175 persons per square mile, or a general hospital which has a service area which has an average population of less than two hundred persons per square mile measured as population density by zip code. The average population of the service area is calculated by multiplying annual patient discharges by the population density per square mile of the county of origin or zip code as applicable for each patient discharge and dividing by total discharges. Annual patient discharges shall be determined using discharge data for the 1997 rate year, as reported to the commissioner by October 1, 1998. Population density shall be determined utilizing United States census bureau data for 1997.

(iv) "Eligible rural hospital weight", as used in this subdivision, shall mean the result of adding, for each eligible rural hospital:

TN 03-42 Approval Date MAR 16 2004  
Supersedes TN \_\_\_\_\_ Effective Date MAY 15 2003

**New York  
188(b)(2)**

**Attachment 4.19-A  
Part I  
(07/03)**

- (a) The eligible rural hospital's targeted need, as defined in paragraph (5) of subdivision (b) of this section, minus the mean targeted need for all eligible rural hospitals, divided by the standard deviation of the targeted need of all eligible rural hospitals; and
- (b) The mean number of beds of all eligible rural hospitals minus the number of beds for an individual hospital, divided by the standard deviation of the number of beds for all eligible rural hospitals.
- (2) From the funds in the pool each year, \$36 million on an annualized basis for the periods January 1, 2000 through December 31, [2002] 2004 and \$18 million for the period January 1, [2003] 2005 through June 30, [2003] 2005, of the funds not distributed in accordance with paragraph (1) of this subdivision, shall be distributed in accordance with the formula set forth in subdivision (h) of this section.
- (3) From the funds in the pool each year, any funds not distributed in accordance with paragraphs (1) or (2) of this subdivision, shall be distributed in accordance with the formula set forth in subdivision (d) of this section.

TN 03-42 Approval Date MAR 16 2004  
Supersedes TN \_\_\_\_\_ Effective Date MAY 15 2003